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May 28, 2003

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Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notification of Ex Parte Communication
MB Docket No. 02-277; MM Docket Nos. 01-317 & 00-244

Dear Ms. Dortch:

On May 27, 2003, Farid Suleman, Chief Executive Officer of Citadel Broadcasting Company, Meredith Senter of this office, and I met with Catherine Bohigian of Commissioner Martin's office and Nandan Joshi of the Office of General Counsel to discuss Citadel's position that any changes in the radio local ownership rule must ensure a level playing field for vibrant competition in radio markets. Attached are a detailed summary of the points that were discussed at the meeting and an overview of competition in the New Orleans radio market. Citadel emphasized at the meeting that it is arbitrary and unfair for the Commission to grandfather existing radio combinations that may have been formed after the above-captioned rulemaking proceedings were initiated, but not pending transactions that are compliant with the current contour-based rule.

Citadel also stressed that any rule change should take into account the disparity in station signals (Class A vs. Class C stations) and that commonly owned stations in a Metro with no overlapping contours should count as a single station in the market. Finally, Citadel urged the Commission to allow all market participants to own the same number of stations in a market as any grandfathered cluster.



Marlene H. Dortch, Esq.
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As required by Section 1.1206(b)(2) of the Commission's rules, copies of this letter are being submitted in each of the above-referenced dockets.

Respectfully submitted,

Linda G. Morrison

Attachments

cc: Catherine Bohigian, Esq.
Nandan Joshi, Esq.

CITADEL TALKING POINTS

1. It Is Arbitrary and Unfair to Grandfather All Existing Combinations, But Not Pending Transactions.

- The Media Bureau has proposed to “grandfather” all transactions approved since the issuance of the market definition NPRM, but not pending transactions.
- Under the Media Bureau’s proposal, grandfathering will depend on the luck of the draw – how quickly (or not) that the Media Bureau processed an application.
- The Commission should also grandfather previously announced, pending transactions – signed contracts – and process any applications in accordance with the contour-based rule in effect when these deals were signed.
 - Citadel and its deal partners have invested significant time and resources to negotiate acquisitions that comply with the current contour-based rule, which the Commission has used since 1992.
 - Citadel and the other parties to the pending transactions had no reason to believe that the Commission would retroactively apply a more restrictive local ownership rule to these deals.
 - If the Commission requires pending deals to be terminated, it would have an unduly disruptive effect on the stations and their employees, since many are operated under LMAs.
 - Unless the Commission grandfathers all pending transactions and processes the applications in accordance with the rules that existed when the parties negotiated the deal, then future Biennial Reviews will place a cloud of regulatory uncertainty over all negotiations.

2. The Commission Should Adopt Measures to Encourage the Growth of Competing Groups in All Markets.

- a. **The New Rule Change Should Take into Account the Disparity in Station Signals (e.g., Class A vs. Class C Stations). Commonly Owned Stations with No Overlapping Contours Should Count as a Single Station in the Market.**

- In many small and medium size Metros, one or two companies own most of the stations with the best technical facilities, i.e., stations that cover the entire market with a strong signal, day and night.
 - In these markets, Citadel and other new entrants must piece together coverage of the Metro by acquiring clusters of Class A and C3 FM stations and small AM stations. In many cases, these small stations do not have overlapping contours. Often, a string of such stations will simulcast programming, thus hoping to duplicate the coverage area of more powerful stations.
 - The new Metro-based rule would count every small commonly owned station in the Metro towards the local cap, even if the stations have no overlapping contours.
 - The Commission should count stations without overlapping contours as a single station. This rule would be pro-competitive in that it would allow new entrants and smaller radio companies to build a cluster of smaller stations to compete with the Clear Channel and others, who now dominate markets with the stations with superior technical facilities.
 - This would be consistent with the TV duopoly rule, which does not count satellite stations or stations that do not have overlapping Grade B contours notwithstanding that the stations are in the same DMA.
 - In the alternative, the Commission should eliminate the same service (AM/FM) cap, and just have a cap of the total number of stations that one company may own in the market.
- b. The Commission Should Allow the 2nd, 3rd or 4th Largest Players in the Market to Achieve Parity with the Dominant Cluster.**
- The proposed rule changes may have the unintended effect of permanently grandfathering dominant positions in many markets. Plainly stated, the Bureau proposes to protect Clear Channel's dominant position in most markets – and, incredibly enough, to prohibit smaller competitors from acquiring stations that would allow them to compete effectively.
 - The rule changes proposed by the Media Bureau will not reduce any group owner's dominance of any market.

- It is unfair, and makes no sense, for the Commission to allow Clear Channel to own more stations in a market than any other company.
 - Rather than hamstringing smaller groups in a market, the Commission should allow all market participants to own the same number of stations in the market as any grandfathered cluster.
- c. **The Commission Should Allow Some Transferability of Existing Combinations.**
- Many of the smaller radio groups are still in a growth phase and require additional capital.
 - For example, Citadel, which is currently a privately held company, is preparing to make a public offering of its stock.
 - When Citadel goes public, ownership by its existing investors will be diluted and ultimately they will lose control of the company.
 - The Commission should not require the divestiture of grandfathered combinations merely because of a transfer of control from existing financial investors to the public shareholders as a whole.
4. **The New Metro-Based Rules Should Contain a Safety Valve – a Procedure for Interested Parties to Show that an Arbitron or BIA Listing of Stations in a Metro is Over or Under-Inclusive and to Prevent Gaming.**
- Citadel has discovered one Metro (Modesto, CA) where Arbitron lists one of Citadel's stations as "home" to the Metro, even though the station places no signal and has no ratings in the Metro.
 - In another case (Riverside, CA), BIA lists a number of stations in a Metro that in fact do not at all reach the Metro, either because they are too far away, in one case by hundreds of miles, or are part of other Metros.
 - When a station meets Arbitron's minimum reporting standards in more than one Metro, Arbitron allows the station to select its "home" Metro. Thus, the potential exists for gaming by group owners.
 - To correct mistakes in station listings by BIA or Arbitron or other industry sources, and to prevent gaming of the new Metro-based rules, the Commission

should include a “safety valve” in the new market definition to correct for inaccuracies in the stations listed in the Metro.

5. Citadel Is Extremely Concerned that the Proposed Rule May Create a Permanent Competitive Imbalance.

- Citadel is so concerned that the proposed rule will create a permanent competitive imbalance that Citadel prefers no grandfathering to the rule as proposed.
- Citadel is the company most affected (in terms of the percentage of stations that it would be required to divest) by the rule proposed by Victor Miller. Citadel would be required to divest 16 stations, 7.4% of its holdings, to comply with the new rule.
- Recognizing that it may not be politically feasible to require divestitures of all noncompliant clusters, Citadel urges the Commission to fine-tune the proposed Metro-based radio market definition so that smaller companies have at least a fighting chance.

Market: New Orleans, LA

Competitive Overview

Metro Rank: 44

FM Stations

Calls	City of License	FCC Class	Freq	Power (kW)	HAAT	C	Owner	Year Std	Date Acq'd	Sales Price (000)	L M A	Format	2002 Est Revenue (000) 1/	Power Ratio	Avg '02 Local Comm	ARB 12+ Metro Shares (see rights)							
																Fall 2002	Summer 2002	Spring 2002	Winter 2002	Fall 2001	Summer 2001	Spring 2001	Winter 2001
WCKW	Laplace	C	92.3	100.0	1946	d	222 Corp	66				Hot AC	1,400	1.13	1.9	1.5	1.9	1.5	1.5	1.5	2.2	2.7	3.3
WQUE	New Orleans	C	93.3	100.0	984	c	Clear Channel Comm	49	8409		g2	Urban	6,800	0.70	14.9	12.2	12.7	12.6	13.0	13.2	13.1	13.4	13.2
WTIX	Galliano	C1	94.3	100.0	981		Fleur de Lis Bcstg	75	9509	800		Oldies	600	0.83	1.1	1.0	0.7	1.3	1.0	0.9	0.7	1.0	0.4
WXXF	Lacombe	A	94.7	5.2	348	e	Wilks Bcstg LLC	96	0209	3,950	d2	Rock			0.2	0.1	0.2	0.1	0.2	0.3	0.0	0.0	0.3
WXXM	Reserve	C3	94.9	13.5	440	e	Wilks Bcstg LLC	92	0209		d2	Gospel	400	0.61	1.0	0.7	0.5	0.6	0.9	1.5	1.6	1.1	1.6
WTKL	New Orleans	C	95.7	100.0	984	a	Entercom	53	9912		g3	Oldies	3,700	0.93	6.1	5.0	5.8	5.0	5.6	4.7	5.3	5.7	5.5
WEZB	New Orleans	C	97.1	100.0	984	a	Entercom	45	9912		g3	CHR	3,300	0.92	5.5	4.9	4.9	4.4	5.3	4.5	4.6	4.9	6.2
WYLD	New Orleans	C1	98.5	100.0	902	c	Clear Channel Comm	71	9303	7,500	c1	Urban AC	6,200	0.97	9.8	8.2	8.5	9.1	8.2	8.0	8.1	6.7	8.2
WRNO	New Orleans	C	99.5	100.0	1004	e	Clear Channel Comm	67	0208	12,500	sw	Cisc Rock	3,400	1.27	4.1	4.2	3.5	3.6	3.6	3.3	4.4	4.3	3.5
WNOE	New Orleans	C	101.1	100.0	1004	c	Clear Channel Comm	68	9607		g1	Country	4,500	1.03	6.7	5.4	5.6	6.7	5.4	5.5	6.0	6.2	5.6
WLMG	New Orleans	C	101.9	100.0	984	a	Entercom	70	9912		g3	Soft AC	5,800	1.18	7.5	6.6	6.4	6.4	6.6	6.5	6.3	5.8	6.0
KMEZ	Belle Chasse	C3	102.9	4.7	604	e	Wilks Bcstg LLC	90	0203		d1	Urban/Oldes	2,600	0.52	7.6	5.4	6.5	8.0	6.0	5.7	5.2	5.6	5.3
KSTE	Houma	C	104.1	100.0	1946	c	Clear Channel Comm	68	9702	6,750		Hot AC	1,100	1.20	1.4	1.2	1.2	1.1	1.1	1.5	1.6	2.3	2.3
KNOU	Empire	C2	104.5	7.8	850		On Top Comm Inc	01	0212	8,500		Urban CHR	500	0.29	2.6	2.1	2.6	2.8	1.9	1.7	1.9	0.0	0.0
WJSH	Folsom	A	104.7	6.0	328		Southwest Bcstg Inc	96	0101	975		70s & 80s				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WKZN	Kenner	C1	105.3	100.0	902	a	Entercom	70	9912		g3	Hot AC	4,300	1.53	4.3	3.5	3.5	4.4	3.8	3.2	5.0	4.2	3.4
WKSJ	Picayune	C2	106.1	50.0	cp	492	Guaranty Bcstg Co	73	9705	2,000		Soft AC	200		0.5	0.4	0.4	0.6	0.4	0.4	0.0	0.0	0.4
KKND	Port Sulphur	C1	106.7	98.0	981	e	Wilks Bcstg LLC	85	0208		sw	Modern Rock	3,600	1.15	4.8	4.1	3.7	3.9	3.9	5.1	4.5	4.7	3.9
# FM Stations -					18	# Combos -					14	FM TOTALS			80.0	66.5	68.6	72.1	68.4	67.5	70.5	68.6	69.1

AM Stations

Calls	City of License	FCC Class	Freq	Day Power (kW)	Night Power (kW)	C	Owner	Year Std	Date Acq'd	Sales Price (000)	L M A	Format	2002 Est Revenue (000) 1/	Power Ratio	Avg '02 Local Comm	ARB 12+ Metro Shares (see rights)							
																Fall 2002	Summer 2002	Spring 2002	Winter 2002	Fall 2001	Summer 2001	Spring 2001	Winter 2001
WVOG	New Orleans	D	600	1.0	0.00		F.W. Robbert Bcstg	64	7406			Chrst/Talk				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WTIX	New Orleans	B	690	10.0	5.00		GHB Bcstg	48	9202	800		News/Talk	300		0.5	0.7	0.4	0.5	0.5	0.4	0.6	0.6	0.7
WASO	Covington	D	730	0.3	0.03		America First Comm	53	9207	200		News/Talk				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KKNO	Gretna	D	750	0.3	0.00		Blakes, Robert C, Sr	89	9308	275		Christian	200		0.1	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
WSHO	New Orleans	B	800	1.0	0.23		Shadowlands Comm	26	9504	675		Religion				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFNO	Norco	B	830	5.0	0.75	b	MC Media LLC	87	9611	700		Span/Varty	200		0.3	0.9	0.5	0.0	0.4	0.0	0.7	0.8	0.5
WWL	New Orleans	A	870	50.0	50.00	a	Entercom	22	9912		g3	Nws/Tlk/Spt	12,900	2.10	9.4	10.6	8.1	6.8	7.8	9.8	8.8	8.3	7.4
WYLD	New Orleans	B	940	10.0	0.50	c	Clear Channel Comm	49	9303		c1	Gospel	700	0.26	4.1	3.5	3.7	3.2	4.1	3.3	2.7	3.4	3.1
WGSO	New Orleans	B	990	1.0	0.40	b	MC Media LLC	46	9611	575		News/Talk	300		0.6	0.0	0.6	0.5	0.5	0.5	0.4	0.6	0.5
WCKW	Garyville	D	1010	0.5	0.04	d	222 Corp	70				Gospel			0.1	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.4
WLNO	New Orleans	B	1060	50.0	5.00		Communicom	25	9503	700		Religion			0.1	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
WBOK	New Orleans	C	1230	1.0	1.00		Willis Bcstg Corp	51	8305	450		Gospel	700	0.89	1.2	0.9	0.9	0.8	1.4	1.0	0.9	0.9	1.0
WODT	New Orleans	B	1280	5.0	5.00	c	Clear Channel Comm	23	8409		g2	Rhythm/Blue	250	0.22	1.7	1.4	1.4	1.1	1.4	2.1	1.0	1.1	1.4
WSMB	New Orleans	B	1350	5.0	5.00	a	Entercom	25	9912		g3	Talk	1,100	1.53	1.1	0.9	1.0	0.8	1.4	0.7	0.8	0.8	1.2
WBYU	New Orleans	C	1450	1.0	cp	1.00	ABC Radio Inc	50	0302	1,500		Motivationl	100			0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.3
KGLA	Gretna	D	1540	1.0	0.00		Crocodile Bcstg Corp	69	9202	300		Spanish AC	200		0.4	0.0	0.5	0.4	0.6	0.0	0.6	0.5	0.7

1/ See introduction section for interpretation of revenue estimates.

Metro Rank: 44

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Radio data is current as of 04/23/2003

Market: New Orleans, LA

Competitive Overview

Metro Rank: 44

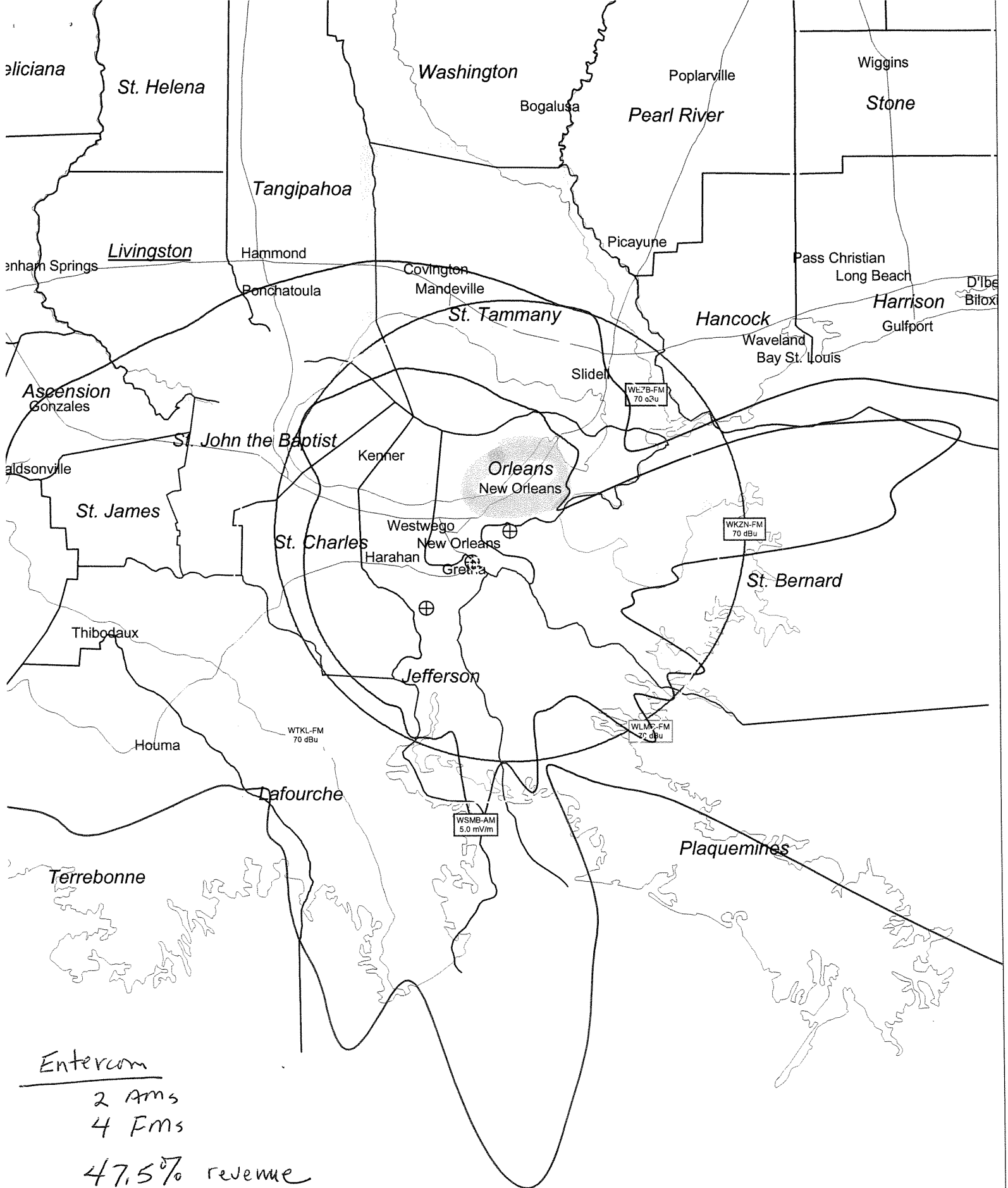
WSLA	Slidell	D	1560	1.0	0.00	Mapa Bcstg LLC	63 9305	d	Sports
			# AM Stations -		17	# Combos -		7	AM TOTALS
			Stations Profiled -		35	# Duopolies -		9	Total Local Commercial Share

	0.4	0.0	0.0	0.0	0.0	0.4	0.0	0.0
19.6	19.3	17.1	15.0	18.5	17.8	16.9	17.8	18.2
	85.8	85.7	87.1	86.9	85.3	87.4	86.4	87.3

BIA Radio Owner Market Revenue Share Report

Home to Market Stations Only

Mkt Rank	Market	#		Owner	BIA's Estimated Revenue for 2002		
		AMs	FMs		Station (000)	Market (000)	% Share of Market
44	New Orleans, LA	1	1	222 Corp	1,400	65,400	2.1%
44	New Orleans, LA	1	0	ABC Radio Incorporated	100	65,400	0.1%
44	New Orleans, LA	1	0	America First Communications		65,400	
44	New Orleans, LA	1	0	Blakes, Robert C, Sr	200	65,400	0.3%
44	New Orleans, LA	2	5	Clear Channel Communications	22,950	65,400	35.0%
44	New Orleans, LA	1	0	Communicom		65,400	
44	New Orleans, LA	1	0	Crocodile Broadcasting Corp	200	65,400	0.3%
44	New Orleans, LA	2	4	Entercom	31,100	65,400	47.5%
44	New Orleans, LA	1	0	F.W. Robbert Broadcasting		65,400	
44	New Orleans, LA	0	1	Fleur de Lis Broadcasting	600	65,400	0.9%
44	New Orleans, LA	0	1	Friends of WWOZ Inc		65,400	
44	New Orleans, LA	1	0	GHB Broadcasting	300	65,400	0.4%
44	New Orleans, LA	0	1	Guaranty Broadcasting Company LLC	200	65,400	0.3%
44	New Orleans, LA	0	1	Louisiana State University		65,400	
44	New Orleans, LA	2	0	MC Media LLC	500	65,400	0.7%
44	New Orleans, LA	1	0	Mapa Broadcasting LLC		65,400	
44	New Orleans, LA	0	1	On Top Communications Incorporated	500	65,400	0.7%
44	New Orleans, LA	0	1	Providence Educational Foundation		65,400	
44	New Orleans, LA	0	1	Radio for the Blind & Handicap Inc		65,400	
44	New Orleans, LA	1	0	Shadowlands Communications LLC		65,400	
44	New Orleans, LA	0	1	Southwest Broadcasting Incorporated		65,400	
44	New Orleans, LA	0	1	Tulane Educational Fund		65,400	
44	New Orleans, LA	0	4	Wilks Broadcasting LLC	6,600	65,400	10.0%
44	New Orleans, LA	1	0	Willis Broadcasting Corporation	700	65,400	1.0%
	New Orleans, LA	17	23	Market Total	65,350	65,400	99.9%



Entercom

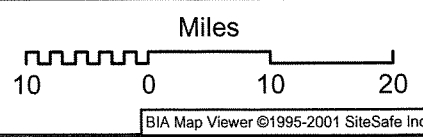
2 AMs

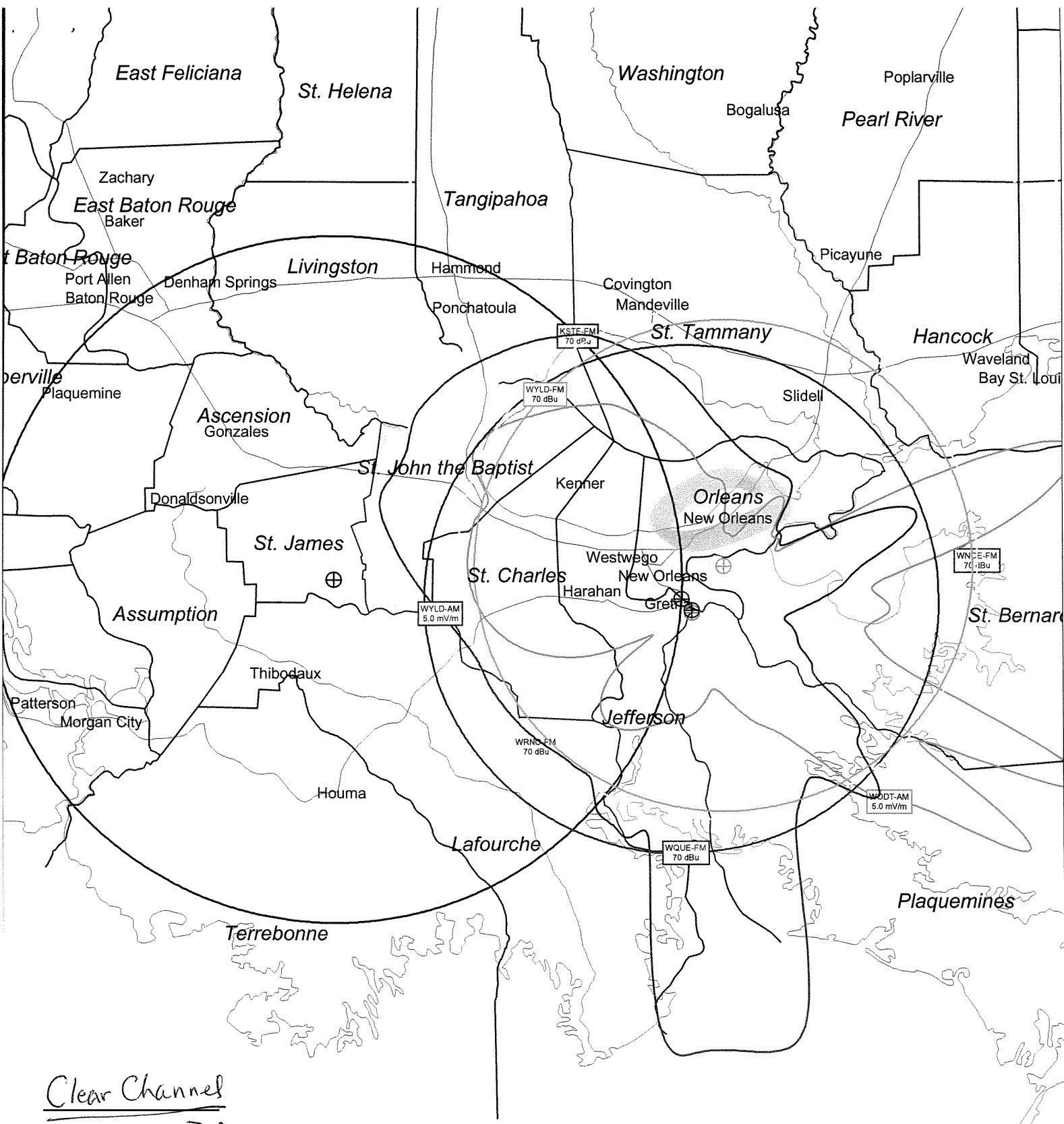
4 FMs

47.5% revenue

City Contours

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Longitude: 89-58-19
Map Scale: 1:1,000,000





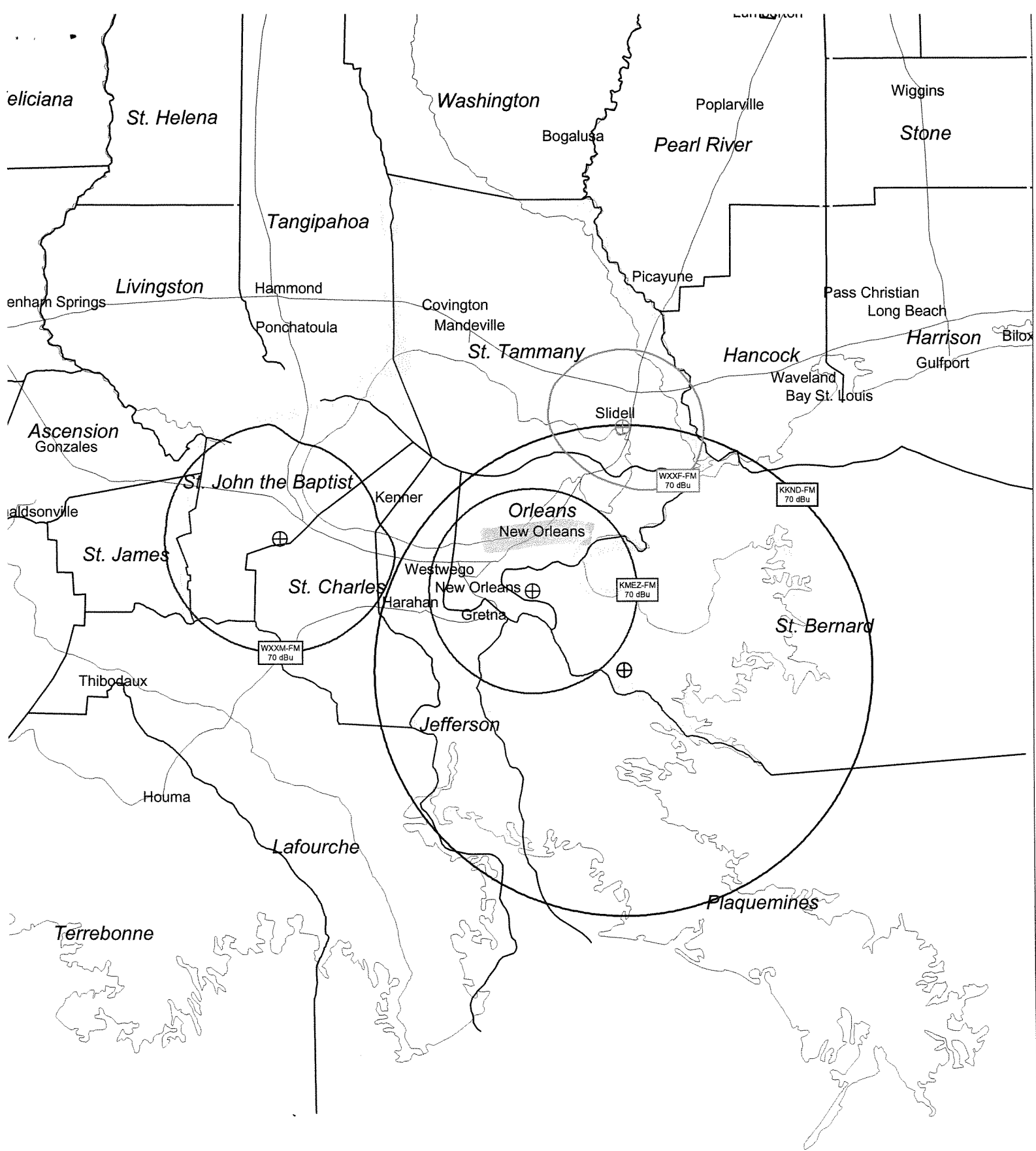
Clear Channel

5 Pms

2 AMs

35% revenue

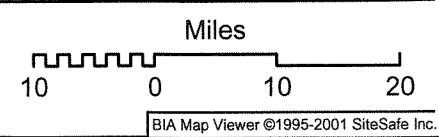
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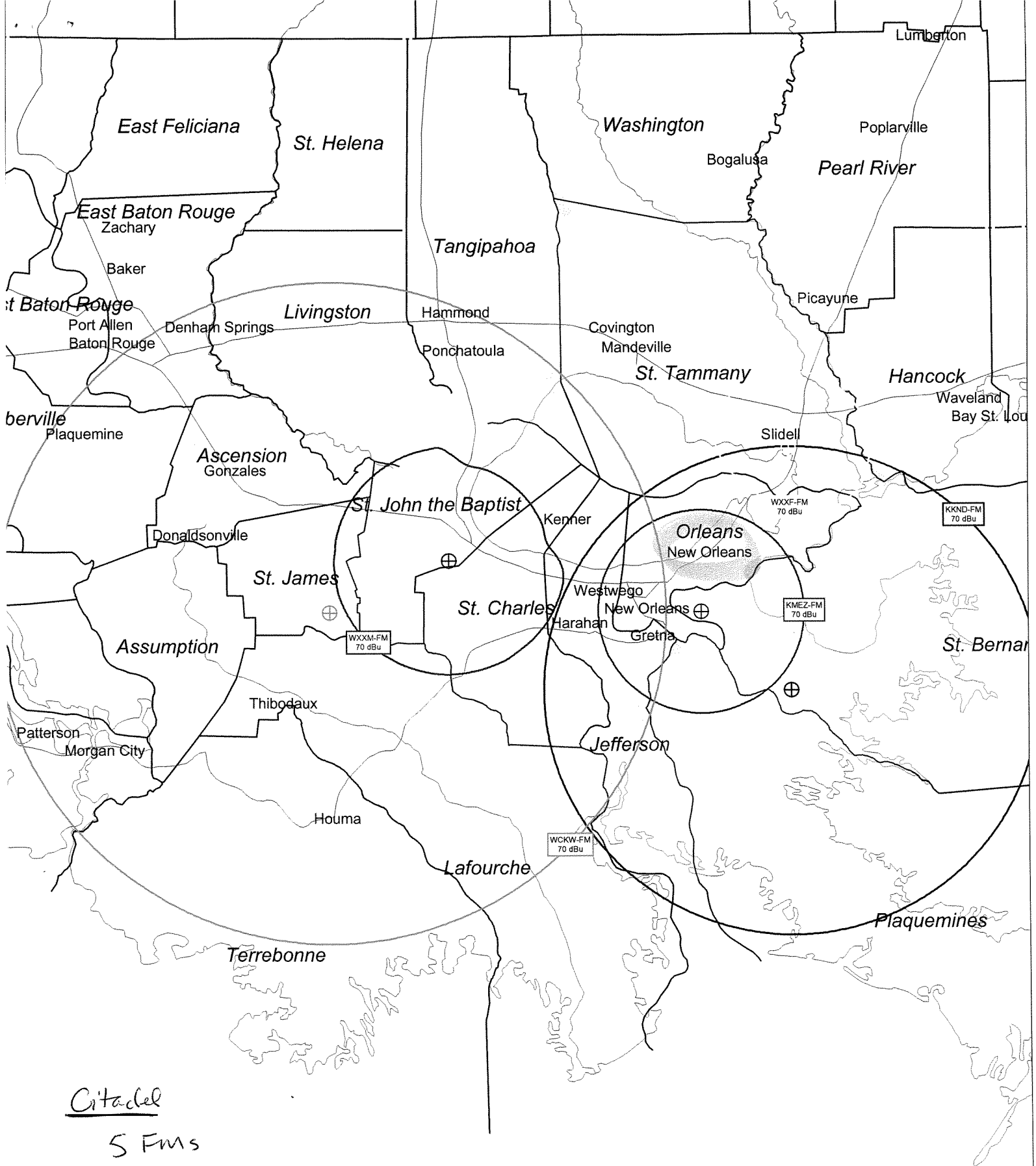


Citadel - 4 FMs
10% revenues

City Contours

Map Center: Latitude: 29-52-38
Longitude: 89-58-48
Map Scale: 1:1,000,000





Citadel

5 Fms

12.1% revenues

City Contours

Map Center: Latitude: 29-57-11
Longitude: 90-20-05
Map Scale: 1:1,000,000

